

## **STATEMENT OF PURPOSE**

### **RS23071**

This bill provides that consistent with Idaho tax policy excluding services from state sales taxation, subscriptions, licenses or similar arrangements for the use of computer software are excluded from the definition of "computer software" and are not subject to Idaho sales or use tax unless some tangible form of the software is delivered to the user. This includes remotely accessed computer software, commonly known as software offered over the "cloud." This section was amended in 2013 to provide the clarification with respect to the taxation of remotely accessed software, but problems were encountered in the rule-making process that made further legislation necessary. Since software that is delivered electronically is a service and performs a function equivalent to services that have generally not been taxable in Idaho, it is appropriate to modernize Idaho law to state clearly that such software is not subject to Idaho sales or use tax.

### **FISCAL NOTE**

Since remotely accessed software is not taxable, the fiscal impact is not expected to be significant and is estimated here at \$2 million to \$5 million annually.

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